

'AMENDED'

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**



**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**PA COMMUNITY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	S Islam N Razaq Q Zaman T Afzal M Fitch (appointed 20 December 2019)
Trustees	S Knottenbelt M Rowley S Gulzar OBE C Parker (RIP 26 October 2020) G Kelham B Downle T Afzal D Hill P Osbourne MBE (appointed 30 September 2020) N Gupta (Resigned 11 September 2020) Q Majid (appointed 26 October 2020)
Company registered number	09718257
Principal and registered office	Unity House 27 Trinity Road Birmingham B6 6AJ
Senior management team	S Gulzar OBE, Chief Executive Officer P Sherlock-Lewis, Deputy Chief Executive Officer M Douglas, Director of Finance S Sherlock-Lewis, Director of Estates P Sage, Director of Marketing and Partnerships K Davis, Director of Safeguarding and Pupil Wellbeing C Jackman, Director of Human Resources C Shotton, Director of Communication and Technology M Davies, Head of School, Prince Albert Primary A Knibbs, Head of School, Highfield Primary Z Thewlis, Head of School, Birchfield Primary L Middleton, Head of School, Sulton Park Primary F Atherton, Head of School, Heathfield Primary
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

Charitable Company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 5 primary academies in Birmingham. Its academies have a combined pupil capacity of 3,353 and had a roll of 2,922 in the school census October 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of the P. A. Community Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company operates as P. A. Community Trust.

Details of the Trustees who served throughout the year, and to the date the accounts are approved, are included in the Reference and Administration Details on page 1.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

The Trustees are recruited by the members who will determine the recruitment process, ensuring skills and experience of potential candidates are matched to the requirements of the board.

Policies and Procedures adopted for the Induction and Training of Trustees

The Trust Board has a Service Level Agreement with the National Governors Association, to provide advice and support to the Trust Board and/or an Academy Committee within the Trust. The clerk along with external organisations provides a training programme based on the needs from the governance skills audit. The Trustees are also about to undertake a board development programme.

Newly appointed representatives attend induction training and in addition notify the clerk of any training that they feel they need.

Organisational Structure

The Board of Trustees assumes full responsibility for overseeing the strategic direction of the Multi-Academy Trust. The Trustees are accountable for the entire business of the MAT. Each school within the MAT will have an Academy Committee that has responsibility for the quality of teaching and learning, standards and safeguarding. Although the Board of Trustees will have overall control of the MAT, it is important that at the local level, schools have autonomy in these areas. Such local governance will include holding the school to account, challenge and support. Sponsored schools that are in 'special measures' at the time of conversion will not have an Academy Committee until the Trustees are satisfied that aspects of governance can safely be delegated away from the board. All details of organisational structure and persons responsible can be found in the scheme of delegation.

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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration for senior management personnel is set by the Trust Board, taking independent professional advice when necessary. Pay for the CEO (Executive Head Teacher), the Deputy CEO and Heads of School is subject to the School Teachers Pay & Conditions Document. Pay and remuneration for non-teaching senior management, such as Trust Business Leads, is set based on the needs of the Trust, market conditions and independent professional advice where necessary.

**Trade union facility time
Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2.0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	£11,318,754
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	0%
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Related Parties and other Connected Charities and Organisations

The Youth Sports Trust is a related party as Mr B. Downie has a business interest with this organisation. The transactions with The Youth Sports Trust are undertaken in compliance with the "At Cost" section in the academies financial handbook and are less than £2,500.

Engagement with employees (including disabled persons)

The Trust engages with their employees through many means and methods, including:

- giving each employee a personalised development review that is linked to their departments action plan which is in turn linked to the Trust's strategic direction.
- the annual distribution of a staff journal detailing key information for the year.
- facilitating and analysing a positive workplace survey and implementing an action plan based on the outcome.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

- termly distribution of an employee newsletter detailing key matters including success, on-going developments and key changes.
- facilitating career changes in the workplace that better suit the needs and desires of employees who have an ever changing disability.

Engagement with suppliers, customers and others in a business relationship with the Trust

This year the Trust have continued to work alongside multiple key stakeholders to ensure effective, collaborative work is carried out across PACT.

Throughout the COVID-19 pandemic, the Trust has worked extremely closely with its families ensuring that they are well supported and provided with access to learning resources during school closure periods. Upon return, PACT have collaborated with their families to transition students effectively back into school life. The Trust continues to work alongside local food banks and welfare hubs across the City to support our most vulnerable pupils and their families.

Schools across the Trust have continued their high levels of external communications and social media activity, with the aspiration of involving the wider community in day to day activities. This has been of increased importance during the pandemic whilst visitations to schools sites are not permitted.

In the dawn of Prince Albert High, PACT have actively sought new relationships with local businesses and community groups and strengthened existing partnerships with key stakeholders. Birmingham City University, Aston University, The University of Birmingham, King Edwards Aston, Shireland Collegiate Academy, Holford Drive Community Sports Hub and Aston Villa Football Club continue to be fundamental partners to the Trust. The University of Birmingham in particular are now the sole partner in the Trust delivery of Schools Direct Teacher training.

The statutory section 10 consultation for Prince Albert High enabled the Trust to work with the local community, businesses, education settings, sport and community groups and politicians to seek feedback on the proposed plans for PA High. The feedback received was overwhelmingly positive and facilitated the Trust in forging new relationships ahead of the school opening. PACT are also actively engaging with Birmingham City Councils Inclusive Growth Team as Perry Barr undergoes a multi-million pound regeneration scheme ahead of the Birmingham 2022 Commonwealth Games.

PACT are currently host to 10 apprentices and are working alongside Walsall College, Sporting Futures Training UK and South & City College Birmingham to deliver the apprenticeship standards. The strengthened partnerships with these training providers have safeguarded high quality education opportunities for new and existing staff. Furthermore, the continued learning opportunities being provided through apprenticeships are ensuring that funds invested into the levy account are being utilised effectively and in a timely manner.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The objects and Aims of the P. A. Community Trust are;

- To provide a high quality education to all our pupils that not only prepares them for the next stage of their learning journey but for life beyond.
- To ensure that all member schools are outstanding, building a reputation for innovation and excellence
- To transform failing schools in to high performing sponsored academies

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Objectives, Strategies and Activities

- To build school improvement capacity through high quality staff professional development at all levels including non-teaching staff
- To develop a Central Support Team comprising of leaders for Site and Buildings, Human Resources, Finance, ICT and Pastoral Care that will provide high quality school improvement input to all Trust schools
- To ensure that special measures schools improve rapidly and are at least 'good' at first inspection post sponsorship
- To continue to grow at a rate of 1 school per academic year up to 5 schools, which was achieved when Banners Gate Primary, now known as Sutton Park Primary, joined the Trust in December 2019.
- To ensure that the Trust continues to develop leaders from within who will have the knowledge, skills and expertise to lead Trust schools in the future.
- To continue to work towards opening a secondary free school that will serve the same communities as the Trust primary schools. To continue to build links with key partners to this end.
- To continue to develop the Trust Board through high quality training and CPD.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and performance

Due to COVID-19 end of year assessments did not take place this year therefore no end of year data is available.

Key Performance Indicators

Heathfield Primary School

Heathfield Primary school was federated with Prince Albert School in February 2014 following a period of leadership support. Both schools were led by a single governing body from this point until conversion to a multi-academy Trust in September 2015 when they became part of the PA Community Trust. The school was barely RI at this time and only avoided special measures due to the planned hard federation. The school has improved significantly over the last three years and achieved a "good" at its latest ofsted inspection in June 2018.

Highfield Junior & Infant School

Highfield J&I was placed in 'special measures' by Ofsted in September 2014. Highfield joined the PA Community Trust as a sponsored academy in April 2016. Prior to conversion much of the teaching was inadequate, with very little that was good. The academy then received significant support from the MAT leading to rapid school improvement. All inadequate teaching has been eliminated and the school achieved its first "Good" in January 2019.

Birchfield Community School.

Birchfield was placed in 'special measures' by Ofsted in June 2017. This was also following an inspection in March 2015 rating the school as "requires improvement". Birchfield has since received a large amount of support from the PA Community Trust both prior to conversion, as a supporting Trust, as well as post conversion. Significant changes have been made in safeguarding, leadership,

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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

teaching practice and many other areas to improve the school. Work continues to enable Birchfield to achieve at least a rating of "good" at the next Ofsted inspection.

Prince Albert Primary School

Prince Albert Primary School is our lead school and the capacity developed at Prince Albert has enabled the Trust to staff the leadership teams at the Trust's other schools. This in turn has led to significant school improvements.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trust's Depreciation policy.

During the year ended 31 August 2020, the Trust received total income of £21,253,018 and incurred total expenditure of £16,108,600. The excess of income over expenditure for the year was £5,144,418.

At 31 August 2020 the net book value of fixed assets was £25,313,538 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

As Sutton Park Primary joined the Trust in December 2019 the land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 01/12/2020 at £5,719,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

There was a deficit balance of the former school's budget share and so no funds were transferred across on conversion in relation to this.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred to it on conversion of each of its academies. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Reserves Policy (continued)

The Trustees have determined that the appropriate level of free reserves should be between 5% and 10% of Income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance as well as a fall in pupil numbers. Total reserves of the academy amount to £29,162,789 (excluding the defined benefit pension liability), although £26,001,970 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £3,160,819 (representing £1,616,756 unrestricted funds and £1,544,063 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. As per the Trust investment policy, any surplus funds can be invested with Lloyds Bank in a deposit account. These investments are carried out in accordance with the powers vested in the Trust Board and is monitored by the Director of Finance.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

- Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year the vast majority of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same, or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

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FOR THE YEAR ENDED 31 AUGUST 2020**

- Fraud and mismanagement of funds - The Trust has appointed an internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.
- One main risk that the trust has faced and continues to manage is COVID-19. This presents itself as a risk in many of the above areas and there has been much uncertainty around this. As with all risks this has been carefully monitored by the Senior Management Team who have regularly updated the Trust's risk registers and risk assessments for COVID-19 in particular. The Trust has taken action in many areas throughout the year to mitigate this risk and this has come in different forms appropriate to the severity, likelihood, national picture and guidance given at the time.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees review performance against budgets and overall expenditure by means of regular update reports at all Finance, Resource and Audit Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

FUNDRAISING

Each school within the Trust can hold up to 6 main fundraising events each year. 3 of these are held for the benefit of the Trust with the other 3 held for the benefit of external charities, all of which are events that operate within the schools. The charity also accepts voluntary contributions for school trips. The trust does not use professional fund raisers neither does it have any fundraising conducted by a third party on its behalf. The charity received no complaints for the 2019/20 financial year in relation to fundraising. When organising fundraising events the charity always considers the protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate. To further ensure this is the case, the Trust ensures prices set at charity events are fair and reasonable and events are open and free to attend for all.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	2,944,917
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	434.547
Owned transport – mini-buses	2.386
<u>Total scope 1</u>	436.933
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	133.393
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	None
Total gross emissions in metric tonnes CO2e	570.326
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.1926

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

PLANS FOR FUTURE PERIODS

There are no plans currently for the Trust to grow in the short term having taken on a 5th primary school in 2019/20. The proposed Prince Albert High School is on track to open to 6 forms of entry in September 2021. This is a secondary free school in the Perry Barr area of Birmingham and was part of Wave 12 of the Free School Application process.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

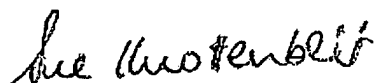
AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 17/6/21 and signed on the board's behalf by:



Sue Knottenbelt
Chair of Trustees

**PA COMMUNITY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that PA Community Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between PA Community Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

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GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 times during the Year.

Attendance during the Year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
S Knottenbelt	8	8
M Rowley	7	8
S Gutzar OBE	8	8
C Parker (RIP 26 October 2020)	6	8
G Kelham	7	8
B Downie	3	8
T Afzal	7	8
D Hill	6	8
N Gupta	8	8

The board of Directors/Trustees have seen the following changes to the composition this year:

N Gupta resigned 11 September 2020

Sadly Colin Parker has since passed away and is therefore no longer serving as a Trustee for PACT. We are grateful to have had Colin's time and dedication and our condolences go to his family.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- Oversee the annual budget setting, propose the budget and regularly report all financial matters to the trust board
- Regularly monitor income and expenditure against the budget, including reporting of any significant budget amendments
- To review and monitor all policies that fall under the finance remit
- To ensure compliance with the Trusts financial policies and procedures and to ensure that the Trusts financial control systems are robust
- To ensure the annual report and accounts are produced in accordance with the academies financial handbook
- To approve opening and operation of the academies bank accounts, authorise signatories, transfers between accounts, the operation of charge cards; payment system controls including BACS
- To review the annual report and accounts and recommend to Members and the Trust Board approval
- To approve improvement plans and actions relating to the finance and premises area
- To ensure a strategic financial view of income, staffing, other expenditure and capital projects
- To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects
- To ensure that the school asset management plan is regularly updated and to monitor the progress of all facilities works
- To review and approve all bought in service provision
- To manage this program of risk review and checking of financial controls in a way that they deem more appropriate to their circumstances. Options include; internal audit, additional work by the external auditor, the work of the 'responsible officer' and/or by 'peer review'

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GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

Attendance during the Year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Sue Knottenbelt	6	6
Taheer Afzal	6	6
Darrin Hill	6	6
Michelle Jones	6	6
Sajid Gulzar OBE	6	6

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the CEO has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy has delivered improved value for money during the Year by;

- Training up appropriate employees to enable them to carry out work currently done by 3rd party providers to save the Trust money. This has inspirational safeguarding CPD and positive handling training
- Ensuring that the Trust has best value statement on all finance purchase requisition forms
- The principles of best value are embedded within the schools of the Trust
- Supporting all Directors to drive efficiencies through their departments by re-negotiating at all levels of procurement
- Continuous reviews of staffing structures

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in PA Community Trust for the Year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the Year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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GOVERNANCE STATEMENT (CONTINUED)

THE RISK AND CONTROL FRAMEWORK (CONTINUED)

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties;
- Identification and management of risks

The Board of Trustees has decided to employ Crowe U.K. LLP as internal auditor.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Academy's financial systems. In particular, the checks carried out in the current period included a financial procedures review and a tailored review of significant tenders during the year.

On an annual basis, the internal auditor reports to the Board of Trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

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GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF EFFECTIVENESS

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the Year in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

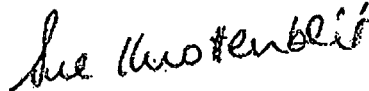
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 17/06/21
their behalf by:

and signed on



S Gulzar OBE
Chief Executive Officer



S Knottenbelt
Chair of Trustees

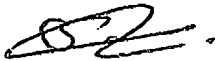
**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of PA Community Trust I have considered my responsibility to notify the Academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2019.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Mr S Gulzar OBE
Accounting Officer
Date:

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial Year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

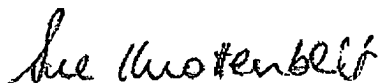
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on
17/06/21 and signed on its behalf by:



S Knottenbelt
Chair of Trustees

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PA
COMMUNITY TRUST**

OPINION

We have audited the financial statements of PA Community Trust (the 'academy') for the Year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the Year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PA
COMMUNITY TRUST (CONTINUED)**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PA
COMMUNITY TRUST (CONTINUED)**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

• USE OF OUR REPORT

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.


Andrew Wood FCCA (Senior statutory auditor)

for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: *20th June 2021*

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PA
COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated [enter date here] and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by PA Community Trust during the Year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to PA Community Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to PA Community Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than PA Community Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PA COMMUNITY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of PA Community Trust's funding agreement with the Secretary of State for Education dated [enter date here] and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the Year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

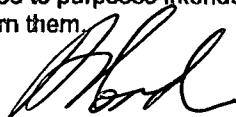
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the Year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Wood FCCA
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors

Date: 20th June 2021

PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants:	3					
Transfer on conversion		-	(1,653,000)	5,773,700	4,120,700	-
Other donations and capital grants		5,478	-	1,135,334	1,140,812	944,286
Charitable activities		124,379	15,550,191	-	15,674,570	14,062,916
Other trading activities		268,043	32,878	-	300,921	334,658
Investments	6	2,121	-	-	2,121	2,046
TOTAL INCOME		400,021	13,930,069	6,909,034	21,239,124	15,343,906
EXPENDITURE ON:						
Charitable activities		725,449	14,786,022	597,129	16,108,600	15,065,530
TOTAL EXPENDITURE		725,449	14,786,022	597,129	16,108,600	15,065,530
NET (EXPENDITURE)/INCOME		(325,428)	(855,953)	6,311,905	5,130,524	278,376
Transfers between funds	18	-	(251,425)	251,425	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		(325,428)	(1,107,378)	6,563,330	5,130,524	278,376
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	25	-	(1,842,000)	-	(1,842,000)	(1,759,000)
NET MOVEMENT IN FUNDS		(325,428)	(2,949,378)	6,563,330	3,288,524	(1,480,624)
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,942,184	(11,080,559)	19,438,640	10,300,265	11,780,889
Net movement in funds		(325,428)	(2,949,378)	6,563,330	3,288,524	(1,480,624)
TOTAL FUNDS CARRIED FORWARD		1,616,756	(14,029,937)	26,001,970	13,588,789	10,300,265

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

The Statement of Financial Activities includes all gains and losses recognised in the Year.

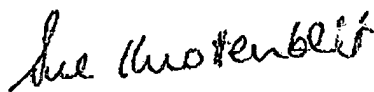
The notes on pages 26 to 54 form part of these financial statements.

PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:09718257

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	25,313,538	18,943,221
CURRENT ASSETS			
Debtors	15	2,147,811	801,693
Cash at bank and in hand		4,360,120	4,269,144
		<u>6,507,931</u>	<u>5,070,837</u>
Creditors: amounts falling due within one year	16	(2,658,680)	(2,211,793)
NET CURRENT ASSETS		<u>3,849,251</u>	<u>2,859,044</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,162,789</u>	<u>21,802,265</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>29,162,789</u>	<u>21,802,265</u>
Defined benefit pension scheme liability	25	(15,574,000)	(11,502,000)
TOTAL NET ASSETS		<u><u>13,588,789</u></u>	<u><u>10,300,265</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	18	26,001,970	19,438,640
Restricted income funds	18	1,544,063	421,441
		<u>27,546,033</u>	<u>19,860,081</u>
Restricted funds excluding pension asset	18	27,546,033	19,860,081
Pension reserve	18	(15,574,000)	(11,502,000)
Total restricted funds	18	<u>11,972,033</u>	<u>8,358,081</u>
Unrestricted income funds	18	<u>1,616,756</u>	<u>1,942,184</u>
TOTAL FUNDS		<u><u>13,588,789</u></u>	<u><u>10,300,265</u></u>

The financial statements on pages 22 to 54 were approved by the Trustees, and authorised for issue on 17/06/21 and are signed on their behalf, by:



.....
S Knottenbelt
 (Chair of Trustees)

The notes on pages 26 to 54 form part of these financial statements.

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	20	117,869	(153,442)
CASH FLOWS FROM INVESTING ACTIVITIES	22	(42,400)	346,405
CASH FLOWS FROM FINANCING ACTIVITIES	21	15,507	-
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		90,976	192,963
Cash and cash equivalents at the beginning of the Year		4,269,144	4,076,181
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23, 24	4,360,120	4,269,144

The notes on pages 26 to 54 form part of these financial statements

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

• **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' and 'Income from Other Trading Activities'. Upon sale, the value of the stock is charged against 'Income from Other Trading Activities' and the proceeds are recognised as 'Income from Other Trading Activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from Other Trading Activities'.

• **Transfer on conversion**

Where assets and liabilities are received by the Academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

• **Transfer of existing academies into the Academy**

Where assets and liabilities are received on the transfer of an existing academy into the Academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME (CONTINUED)

when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised for the transfer of an existing academy into the Academy within 'Income from Donations and Capital Grants' to the net assets acquired.

- **Donated fixed assets (excluding transfers on conversion or into the Academy)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's accounting policies.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

These are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold land	-	125 years
Long-term leasehold property	-	50 years
Furniture and equipment	-	10 years
Computer equipment	-	3 years
Motor vehicles	-	25% reducing balance

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.7 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 LIABILITIES

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.12 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.13 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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NOTES TO THE FINANCIAL STATEMENTS
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3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
DONATIONS					
Transfer on conversion	-	(1,653,000)	5,773,700	4,120,700	-
SUBTOTAL DETAILED DISCLOSURE	-	(1,653,000)	5,773,700	4,120,700	-
Donations	5,478	-	-	5,478	934
Capital Grants	-	-	1,135,334	1,135,334	943,352
SUBTOTAL	5,478	-	1,135,334	1,140,812	944,286
	5,478	(1,653,000)	6,909,034	5,261,512	944,286
TOTAL 2019	934	-	943,352	944,286	

4. FUNDING FOR THE ACADEMY TRUSTS EDUCATION-DIRECT COSTS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA GRANTS				
General Annual Grant	-	12,567,685	12,567,685	11,358,970
Start up grants	-	-	-	46,172
Other ESFA Income	-	1,581,317	1,581,317	1,480,423
SEN Funding	-	88,651	88,651	84,276
Other EFS and government grants	-	1,312,538	1,312,538	1,093,075
Internal catering income	124,378	-	124,378	-
	124,378	15,550,191	15,674,569	14,062,916
TOTAL 2019	-	14,062,916	14,062,916	

**PA COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Trip Income	-	32,878	32,878	48,669
Lettings and other income	268,043	-	268,043	285,989
	<u>268,043</u>	<u>32,878</u>	<u>300,921</u>	<u>334,658</u>
TOTAL 2019	<u>285,989</u>	<u>48,669</u>	<u>334,658</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment income	2,121	2,121	2,046
	<u>2,121</u>	<u>2,121</u>	<u>2,046</u>
TOTAL 2019	<u>2,046</u>	<u>2,046</u>	

PA COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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7. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Direct costs	9,980,169	-	955,388	10,915,557	10,145,454
Support costs	2,596,471	597,129	1,999,443	5,193,043	4,920,076
	<u>12,556,640</u>	<u>597,129</u>	<u>2,954,831</u>	<u>16,108,600</u>	<u>15,065,530</u>
TOTAL 2019	<u>11,438,535</u>	<u>1,216,662</u>	<u>2,410,333</u>	<u>15,065,530</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Education	<u>10,915,557</u>	<u>5,193,043</u>	<u>16,108,600</u>	<u>15,065,530</u>
TOTAL 2019	<u>10,145,454</u>	<u>4,920,076</u>	<u>15,065,530</u>	

**PA COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs

	Total funds 2020 £	Total funds 2019 £
Pension finance costs	145,000	-
Staff costs	9,504,718	8,867,153
Educational supplies	358,424	308,587
Examination fees	-	123
Staff development	63,321	81,438
Other costs	332,150	339,130
Supply teachers	392,130	387,120
Technology costs	67,702	74,091
Educational consultancy	52,112	87,812
	10,915,557	10,145,454

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FOR THE YEAR ENDED 31 AUGUST 2020**

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Pensions finance costs	91,000	241,000
Staff costs	2,533,908	2,138,846
Depreciation	597,129	405,845
Supply cover - support	62,563	45,416
Recruitment and support	10,518	23,849
Ground maintenance	169,093	295,007
Cleaning	182,956	224,250
Water and rates	63,982	71,927
Energy costs	209,754	147,406
Insurance	59,285	60,256
Security and transport	12,782	14,836
Catering	670,390	719,713
Technology	52,985	90,772
Overheads	90,288	134,394
Professional costs	386,215	306,402
Bank charges	195	157
	<u>5,193,043</u>	<u>4,920,076</u>

9. NET (EXPENDITURE)/INCOME

Net (expenditure)/Income for the Year includes:

	2020 £	2019 £
Operating lease rentals	16,895	1,920
Depreciation of tangible fixed assets	597,129	405,845
Net interest on defined benefit pension liability	236,000	241,000
Fees paid to auditors for:		
- audit	16,995	9,300
- other services	-	3,000
	<u>230,919</u>	<u>253,365</u>

**PA COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. STAFF

a. STAFF COSTS

Staff costs during the Year were as follows:

	2020 £	2019 £
Wages and salaries	8,858,751	8,200,437
Social security costs	815,081	743,510
Pension costs	2,364,794	2,062,052
	<u>12,038,626</u>	<u>11,005,999</u>
Agency staff costs	454,693	432,536
Staff development and other staff costs	63,321	104,899
	<u>12,556,640</u>	<u>11,543,434</u>

b. STAFF NUMBERS

The average number of persons employed by the Academy during the Year was as follows:

	2020 No.	2019 No.
Teachers	109	106
Administration and Support	277	260
Management	37	39
	<u>423</u>	<u>405</u>

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10. STAFF (CONTINUED)

c. HIGHER PAID STAFF

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	5	5
In the band £70,001 - £80,000	1	-
In the band £130,001 - £140,000	1	1
In the band £140,001 - £150,000	1	1

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £1,108,698 (2019 £586,586).

11. CENTRAL SERVICES

The Academy has provided the following central services to its academies during the Year:

- Human resources
- Financial services
- Legal services
- Educational support services

The Academy charges for these services on the following basis:

Flat 8% (2019: 12% or 8%) of GAG is charged for each school.

The actual amounts charged during the Year were as follows:

	2020 £	2019 £
Birchfield Community School	227,108	343,923
Heathfield Primary School	159,901	155,924
Highfield Junior and Infant School	287,270	444,032
Prince Albert Primary School	228,402	227,980
Sutton Park Primary	92,874	-
TOTAL	995,555	1,171,859

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**NOTES TO THE FINANCIAL STATEMENTS
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12. TRUSTEES' REMUNERATION AND EXPENSES

The CEO only received remuneration in respect of services they provide undertaking the roles of CEO, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration including pension contributions in respect of defined benefit schemes in the period was as follows; S Gulzar OBE: remuneration £140,000 - £150,000 (2019: £140,000 - £150,000), employer's pension contributions £30,000 - £35,000 (2019: £20,000 - £25,000).

During the Year ended 31 August 2020, expenses totalling £1,117 were reimbursed or paid directly to 5 Trustees (2019 - £391 to 2 Trustees).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the Year ended 31 August 2020 was £55,060 (2019 - £53,991). The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2019	19,535,883	469,311	255,582	47,000	20,307,776
Additions	452,723	668,358	72,668	-	1,193,749
Inherited on conversion	5,719,000	41,000	13,700	-	5,773,700
At 31 August 2020	25,707,606	1,178,669	341,950	47,000	27,275,225
DEPRECIATION					
At 1 September 2019	1,016,169	101,702	218,246	28,438	1,364,555
Charge for the Year	398,393	131,814	62,285	4,640	597,132
At 31 August 2020	1,414,562	233,516	280,531	33,078	1,961,687
NET BOOK VALUE					
At 31 August 2020	24,293,044	945,153	61,419	13,922	25,313,538
At 31 August 2019	18,519,714	367,609	37,336	18,562	18,943,221

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15. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	39,250	11,759
Other debtors	260,162	8,901
Prepayments and accrued income	1,612,190	593,260
Tax recoverable	236,209	187,773
	<u>2,147,811</u>	<u>801,693</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Other loans	15,507	-
Trade creditors	418,293	1,459,365
Other creditors	159,242	17,653
Accruals and deferred income	2,065,638	734,775
	<u>2,658,680</u>	<u>2,211,793</u>

17. FINANCIAL INSTRUMENTS

	2020 £	2019 £
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	<u>4,360,120</u>	<u>4,269,144</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand. Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, VAT recoverable and accrued income. Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and ESFA loans.

PA COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS						
General Funds	1,942,184	400,021	(725,449)	-	-	1,616,756
RESTRICTED GENERAL FUNDS						
GAG	421,441	12,589,895	(11,215,848)	(251,425)	-	1,544,063
Other DfE/ESFA Grants	-	79,961	(79,961)	-	-	-
UIFSM	-	347,689	(347,689)	-	-	-
Other Government Grants	-	1,345,416	(1,345,416)	-	-	-
Pupil Premium	-	1,220,108	(1,220,108)	-	-	-
Pension reserve	(11,502,000)	(1,653,000)	(577,000)	-	(1,842,000)	(15,574,000)
	<u>(11,080,559)</u>	<u>13,930,069</u>	<u>(14,786,022)</u>	<u>(251,425)</u>	<u>(1,842,000)</u>	<u>(14,029,937)</u>
RESTRICTED FIXED ASSET FUNDS						
Inherited on Conversion	18,862,719	5,773,700	(579,437)	-	-	24,056,982
DfE/ESFA Capital Grants	575,921	1,135,334	(17,692)	-	-	1,693,563
capital expenditure from GAG	-	-	-	251,425	-	251,425
	<u>19,438,640</u>	<u>6,909,034</u>	<u>(597,129)</u>	<u>251,425</u>	<u>-</u>	<u>26,001,970</u>
TOTAL RESTRICTED FUNDS	<u>8,358,081</u>	<u>20,839,103</u>	<u>(15,383,151)</u>	<u>-</u>	<u>(1,842,000)</u>	<u>11,972,033</u>
TOTAL FUNDS	<u>10,300,265</u>	<u>21,239,124</u>	<u>(16,108,600)</u>	<u>-</u>	<u>(1,842,000)</u>	<u>13,588,789</u>

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18. STATEMENT OF FUNDS (CONTINUED)

The specific purposes for which the funds are to be applied are as follows:

Restricted:

General Annual Grant (GAG) - income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

DfE/ESFA grants - represents a number of grants awarded, including rates relief.

Universal Infant Free School Meals (UIFSM) - represents income for the provision of free school meals to pupils.

Other Government Grants - represents income which has been received for other specific purposes.

Pupil Premium - income from the ESFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage pupils reaches the pupils who need it most.

Pension Reserve - represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme.

Fixed assets funds:

DfE/ESFA capital grants - this represents funding from the ESFA to cover the maintenance and purchase of the schools assets.

Inherited fixed assets - this represents the buildings and equipment donated to the academy trust from the local authority on conversion to an academy.

Fixed assets purchased from GAG - this represents capital assets that have been purchased out of restricted GAG funding.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

**PA COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Prince Albert Primary School	696,053	562,023
Birchfield Community School	590,981	294,696
Heathfield Primary School	643,879	485,691
Highfield Junior and Infant School	1,158,138	982,497
Sutton Park Primary	2,355	-
Central Services	69,413	38,718
Total before fixed asset funds and pension reserve	3,160,819	2,363,625
Restricted fixed asset fund	26,001,970	19,438,640
Pension reserve	(15,574,000)	(11,502,000)
TOTAL	13,588,769	10,300,265

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18. STATEMENT OF FUNDS (CONTINUED)

TOTAL COST ANALYSIS BY ACADEMY

Expenditure incurred by each academy during the Year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Prince Albert Primary School	2,129,757	471,607	63,530	674,789	3,339,683	3,159,653
Birchfield Community School	1,886,742	466,164	86,780	531,311	2,970,997	2,939,077
Heathfield Primary School	1,428,180	306,937	100,791	370,957	2,206,865	2,169,556
Highfield Junior and Infant School	2,487,036	606,874	73,706	664,747	3,832,363	3,824,032
Sutton Park Primary	895,269	182,617	20,613	335,039	1,433,538	-
Central Services	468,734	367,709	13,004	301,578	1,151,025	2,567,367
ACADEMY	9,295,718	2,401,908	358,424	2,878,421	14,934,471	14,659,685

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18. STATEMENT OF FUNDS (CONTINUED)

Comparative information in respect of the preceding Year is as follows:

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS					
General Funds - all funds	1,697,690	337,638	(93,144)	-	1,942,184
RESTRICTED GENERAL FUNDS					
GAG	78,069	11,660,506	(11,317,134)	-	421,441
Other DfE/ESFA Grants	-	2,257,363	(2,257,363)	-	-
Start up grants	-	46,172	(46,172)	-	-
Other Government Grants	-	84,277	(84,277)	-	-
Other	-	14,596	(14,596)	-	-
Pension reserve	(8,896,000)	-	(847,000)	(1,759,000)	(11,502,000)
	<u>(8,817,931)</u>	<u>14,062,914</u>	<u>(14,566,542)</u>	<u>(1,759,000)</u>	<u>(11,080,559)</u>
RESTRICTED FIXED ASSET FUNDS					
Inherited on Conversion	18,810,605	-	52,114	-	18,862,719
DfE/ESFA Capital	63,500	943,354	(430,933)	-	575,921
Capital expenditure GAG	27,026	-	(27,026)	-	-
	<u>18,901,131</u>	<u>943,354</u>	<u>(405,845)</u>	<u>-</u>	<u>19,438,640</u>
TOTAL RESTRICTED FUNDS	<u>10,083,200</u>	<u>15,006,268</u>	<u>(14,972,387)</u>	<u>(1,759,000)</u>	<u>8,358,081</u>
TOTAL FUNDS	<u>11,780,890</u>	<u>15,343,906</u>	<u>(15,065,531)</u>	<u>(1,759,000)</u>	<u>10,300,265</u>

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	25,313,538	25,313,538
Current assets	1,558,251	4,021,683	927,997	6,507,931
Creditors due within one year	58,505	(2,477,620)	(239,565)	(2,658,680)
Provisions for liabilities and charges	-	(15,574,000)	-	(15,574,000)
TOTAL	1,616,756	(14,029,937)	26,001,970	13,588,789

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	3	-	18,943,218	18,943,221
Current assets	4,153,974	421,441	495,422	5,070,837
Creditors due within one year	(2,211,793)	-	-	(2,211,793)
Provisions for liabilities and charges	-	(11,502,000)	-	(11,502,000)
TOTAL	1,942,184	(11,080,559)	19,438,640	10,300,265

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**NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	5,130,524	278,376
ADJUSTMENTS FOR:		
Depreciation	597,129	405,846
Capital grants from DfE and other capital income	(1,149,228)	(943,354)
Interest receivable	(2,121)	(2,046)
Defined benefit pension scheme cost less contributions payable	341,000	606,000
Defined benefit pension scheme finance cost	236,000	241,000
Decrease in stocks	-	2,259
Increase in debtors	(1,346,118)	(12,938)
Increase/(decrease) in creditors	431,383	(728,585)
Fixed assets inherited on conversion	(5,773,700)	-
Pension liability on conversion	1,653,000	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	117,869	(153,442)

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2020 £	2019 £
New loans	15,507	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	15,507	-

22. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Purchase of tangible fixed assets	(1,193,749)	(598,995)
Capital grants from DfE Group	1,149,228	943,354
Interest receivable	2,121	2,046
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(42,400)	346,405

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**NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	4,360,120	4,269,144
TOTAL CASH AND CASH EQUIVALENTS	4,360,120	4,269,144

24. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	At 31 August 2020 £
Cash at bank and in hand	4,269,144	4,269,144
Debt due within 1 year	-	-
	4,269,144	4,269,144

25. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Scheme.. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £192,634 were payable to the schemes at 31 August 2020 (2019 - £102,166) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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25. PENSION COMMITMENTS (CONTINUED)

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the Year amounted to £1,063,146 (2019 - £702,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2020 was £1,011,000 (2019 - £740,000), of which employer's contributions totalled £831,000 (2019 - £570,000) and employees' contributions totalled £ 180,000 (2019 - £170,000). The agreed contribution rates for future years are 5.5% per cent for employers and 12.5% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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25. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.20	3.65
Rate of increase for pensions in payment/inflation	2.20	2.15
Discount rate for scheme liabilities	1.65	1.90

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2020 Years	2019 Years
<i>Retiring Today</i>		
Males	21.9	20.9
Females	24.1	23.2
<i>Retiring in 20 years</i>		
Males	23.8	22.6
Females	26.0	25.1

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	607	(410)
Discount rate -0.1%	(626)	422
Mortality assumption - 1 year increase	(791)	516
Mortality assumption - 1 year decrease	762	(499)
CPI rate+0.1%	(532)	340
CPI rate -0.1%	516	(329)

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25. PENSION COMMITMENTS (CONTINUED)

The Academy's share of the assets in the scheme was:

	2020 £	2019 £
Equities	2,985,000	1,974,000
Gilts	577,000	311,000
Other bonds	206,000	124,000
Property	401,000	268,000
Cash and other liquid assets	353,000	119,000
Asset backed securities	793,000	488,000
TOTAL MARKET VALUE OF ASSETS	5,315,000	3,284,000

The actual return on scheme assets was £383,000 (2019 - £179,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	2019 £
Current service cost	1,172,000	955,000
Past service cost	-	221,000
Interest income	(76,000)	(74,000)
Interest cost	312,000	315,000
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	1,408,000	1,417,000

Changes in the present value of the defined benefit obligations were as follows:

	2020 £	2019 £
AT 1 SEPTEMBER	14,786,000	11,294,000
Transferred in on existing academies joining the Trust	2,100,000	-
Current service cost	1,172,000	955,000
Interest cost	312,000	315,000
Employee contributions	180,000	170,000
Actuarial losses	2,385,000	1,863,000
Benefits paid	(46,000)	(32,000)
Past service costs	-	221,000
AT 31 AUGUST	20,889,000	14,786,000

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25. PENSION COMMITMENTS (CONTINUED)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2020 £	2019 £
AT 1 SEPTEMBER	3,284,000	2,398,000
Transferred in on existing academies joining the Trust	447,000	-
Interest income	78,000	74,000
Actuarial gains	543,000	104,000
Employer contributions	831,000	570,000
Employee contributions	180,000	170,000
Benefits paid	(46,000)	(32,000)
Administrative expenses	(2,000)	-
AT 31 AUGUST	5,315,000	3,284,000

26. OPERATING LEASE COMMITMENTS

At 31 August 2020 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	29,828	25,439
Later than 1 year and not later than 5 years	28,693	49,707
	58,521	75,146

27. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

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**NOTES TO THE FINANCIAL STATEMENTS
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28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust and the composition of the being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions

C Parker, a trustee of PA Community Trust, is also a head Teacher at King Edwards VI Aston School. During the year, PA Community Trust purchased goods and services totalling Nil (2019: £400) from King Edwards VI Aston School.

M Rowley, a trustee of PA Community Trust, is also a trustee at Arthur Terry Learning Partnership. During the year, PA Community Trust sold goods and services totalling Nil (2019: £16,330) to Arthur Terry Learning Partnership.

B Downie, a trustee of PA Community Trust, is also a Trustee of Youth Sports Trust. During the year, PA Community Trust purchased goods and services totalling £1,280 (2019: Nil) from Youth Sports Trust. The balance outstanding at the Year End and included in trade creditors was £240 (2019: Nil)

These transactions took place at arms length and are compliant with the Academies Financial Handbook.

29. GENERAL INFORMATION

PA Community Trust is a private company limited by guarantee, incorporated in the UK and registered in England and Wales. The registered office is Unity House, 27 Trinity Road, Birmingham, B6 6AJ

30. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY

Sutton Park Primary School (Previously called Banners Gate Primary School)

	Value reported by transferring trust £	Transfer in recognised £
TANGIBLE FIXED ASSETS		
Long-term leasehold property	5,719,000	5,719,000
Furniture and equipment	41,000	41,000
Computer equipment	13,700	13,700
PENSIONS		
Pensions - pension scheme liabilities	(1,653,000)	(1,653,000)
NET ASSETS	<u>4,120,700</u>	<u>4,120,700</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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31. AMENDMENT TO THE FINANCIAL STATEMENTS

The financial statements have been amended to correct inaccurate information previously disclosed in note 12 – Trustees Remuneration and Expenses. The banding for the CEO's salary was previously incorrectly disclosed within the banding £160,000 to £170,000 instead of in the banding £140,000 to 150,000. Note 12 has now been corrected and now agrees to the information disclosed in the Staff note - Note 10. There is no impact on the Statement of Financial Activities, Balance Sheet, Statement of Cashflows or any other note in the financial statements.